

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 940-01
Bill No.: HB 222
Subject: Crime Victims' Compensation Fund
Type: Original
Date: January 19, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Crime Victims' Compensation Fund	(\$105,160)	(\$105,160)	(\$105,160)
Total Estimated Net Effect on <u>All</u> State Funds	(\$105,160)	(\$105,160)	(\$105,160)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTIONS

The **Department of Labor-Division of Workers' Compensation** assumes this legislation eliminates the \$50 deductible and increases the maximum compensation amount to crime victims for loss of earnings or support from gainful employment from \$15,000 to \$25,000. In addition, this bill removes life insurance proceeds from consideration as a collateral source in determining victim eligibility for compensation from the fund.

The Division believes that there will be a fiscal impact from the elimination of the \$50 deductible and from the increase in the maximum compensation level. The removal of life insurance as a collateral source of compensation will have no fiscal impact because the Division made this change by rule in October of 1999.

In aggregate for fiscal years 1998 through 2000, the Division awarded \$14,764,090 in claims for crime victims' compensation. The elimination of the \$50 deductible would have increased the total claim award during this three-year period to \$14,969,019 – representing an increase of \$204,929. For these years, the average annual increase equals \$68,310.

To determine the fiscal impact to the fund if the maximum amount recoverable for loss of earnings or support was increased from \$15,000 to \$25,000 the total award amount for only those cases where the maximum was awarded during the last three fiscal years was analyzed. Accordingly, during this time period a total of \$164,450 was awarded in loss of earnings or support. The amount awarded in each case equals \$14,950 or the maximum award less the \$50 deductible. If the maximum award amount equaled \$25,000 and all award recipients who received the maximum amount during the three preceding fiscal years would have received \$25,000 the fiscal impact to the fund would have been an additional \$110,550. However, under the increased ceiling it is more likely that some recipients would not have achieved this new threshold. Rather, some of the awards would have fallen between \$15,000 and \$25,000. It is impossible to determine the exact dollar amount per award under these differing guidelines.

Presently, the Division pays out approximately \$5 million in monetary awards to crime victims. The Division assumes that this trend will continue over the next three years. Based on the figures above, the Division assumes that an additional \$36,850 (average increase based on previous years) will be awarded if the ceiling for loss of earnings or support increases to \$25,000 and an additional \$68,310 (average increase based on previous years) will be awarded annually if the \$50 deductible is eliminated. Combined, this represents an additional annual cost to the fund of \$105,160.

ASSUMPTIONS - continued

Oversight assumes all or virtually all award recipients will qualify for the full \$25,000 proposed statutory maximum. The total additional cost to the fund is estimated to be \$105,160. These estimates are not adjusted for inflation because the estimates are based on increases in statutory maximum payments. However, the true impact to the fund will depend on the number of claims each year.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
CRIME VICTIMS' COMPENSATION FUND			
<u>Cost - Division of Workers' Compensation</u>			
Increased claim amounts	(\$105,160)	(\$105,160)	(\$105,160)
ESTIMATED NET EFFECT ON CRIME VICTIMS' COMPENSATION FUND	<u>(\$105,160)</u>	<u>(\$105,160)</u>	<u>(\$105,160)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal eliminates the \$50 deductible and increases the maximum compensation amount to crime victims for loss of earnings or support from gainful employment from \$15,000 to \$25,000. In addition, this bill removes life insurance proceeds from consideration as a collateral source in determining victim eligibility for compensation from the fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor-Division of Workers' Compensation



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Director
January 19, 2001